

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
Sacramento, California 95814

Main website: www.energy.ca.gov



**STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

In the Matter of:)	Docket 06-IEP-1
)	
Informational Proceeding and)	NOTICE OF COMMITTEE
Preparation of the <i>2007 Integrated</i>)	HEARING
<i>Energy Policy Report</i>)	
_____)	

The Integrated Energy Policy Report (IEPR) Committee will hold a hearing to obtain input from all interested parties on the scope of the *2007 IEPR*. Vice Chair Jackalyne Pfannenstiel is the Presiding Member and Commissioner John L. Geesman is the Associate Member. Other Commissioners may attend and participate in this hearing. The hearing will be held on:

Friday, May 12, 2006
9:00 a.m.
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street
Hearing Room A
Sacramento, California
(Wheelchair Accessible)

Note: Audio from this hearing will be broadcast over the Internet.
For details on listening in, please go to: www.energy.ca.gov/webcast/

Parties unable to attend the May 12th Energy Report Committee hearing on the scope of the *2007 IEPR* will be able to comment by conference call.

The conference call information is: USA Toll Free Number: 877-939-1568,
Passcode: IEPR, Call Leader: Lorraine White.

The Committee has prepared a preliminary list of key issues for the *2007 IEPR* (see Attachment A) to be discussed at the May 12, 2006, hearing. The Committee will take public comment on the proposal, and will welcome recommendations from all interested parties on additional key topics and issues that should be addressed in this proceeding. Following the hearing, the Committee will consider all input and issue a scoping order identifying the specific issues on which staff should focus its attention in the development of the *2007 IEPR* and supporting documents.

Energy Report Process

Senate Bill 1389 (SB 1389, Bowen and Sher, Chapter 568, Statutes of 2002) requires the California Energy Commission to "conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices. The Energy Commission shall use these assessments and forecasts to develop energy policies that conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety." (Pub. Res. Code § 25301(a)) This assessment and associated policy recommendations are to be reported and adopted every two years.

SB 1389 directs state government entities to carry out their energy-related duties and responsibilities using the information and analyses contained in the adopted report. In response to this direction, the Committee seeks input regarding the scope of the *2007 IEPR*. During the proceeding, the Energy Commission will coordinate closely with other agencies to ensure consistency in the underlying information in this report that is to be used by state agencies in their energy policy decisions.

The Legislature has found that timely reporting and collection of data "...are essential to serve the information and policy development needs of the Governor, the Legislature, public agencies, market participants, and the public." (Pub. Res. Code § 25300(d)) Pursuant to Public Resources Code § 25301(a), the Energy Commission intends to "...require submission of demand forecasts, resource plans, market assessments, and related outlooks from electric and natural gas utilities, transportation fuel and technology suppliers, and other market participants." It is important that this data be received in a timely manner to ensure a full development of the record in this proceeding.

Hearing Participation and Comments

The Committee is seeking the active participation of interested parties in this proceeding. Interested parties are invited to participate before and during this hearing, and attendees are strongly encouraged to participate in the discussions. If you wish to present your comments to the Committee, you may contact Lorraine White at (916) 654-4075 or by e-mail at: [lwhite@energy.state.ca.us] by Monday, May 8, 2006. Requests for participation on the day of the hearing will be accommodated to the extent that time allows. The Committee will also take general comment from the public immediately following the presentations.

The Committee encourages interested parties to present their views either orally at the hearing or through written comments. The Committee requests that written comments on hearing topics be submitted by 5:00 pm on Monday, May 8, 2006. Please include the docket number 06-IEP-1 and indicate "*2007 Integrated Energy Policy Report* scope" in the subject line or initial paragraph of your comments. Those submitting written comments by electronic mail should provide the comments in either Microsoft Word format or Portable Document Format, but must also submit one paper copy to the Energy Commission's Docket Unit. E-mail comments should be sent to [docket@energy.state.ca.us]. Those submitting written comments by hard copy only must provide an original plus 12 paper copies to the Energy Commission's Docket Unit.

Please send or deliver materials to the following address:

California Energy Commission
Docket Office
Attn: Docket 06-IEP-1
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512

Alternatively, participants may provide an original and 12 copies at the beginning of the hearing. All written materials relating to this hearing will be filed with the Docket Unit and will become part of the public record in this proceeding.

Additional Information

The Energy Commission's Public Adviser, Margret J. Kim, provides the public assistance in participating in Energy Commission activities. If you would like information on how to participate in this hearing, please contact the Public Adviser's Office by phone at (916) 654-4489 or toll-free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at [pao@energy.state.ca.us]. If you have a disability and require assistance to participate in this hearing, please contact Lou Quiroz at (916) 654-5146 at least five days in advance.

The service list for the *2007 IEPR* and associated key topic proceedings is handled electronically. Notices and documents for these proceedings are posted to the Energy Commission website [http://www.energy.ca.gov/2007_energypolicy/]. When new information is posted, an email will be sent to those on the energy-policy email list server. We encourage those who are interested in receiving these notices to sign up for the list server through the website [<http://www.energy.ca.gov/listservers/index.html>].

Technical questions should be directed to Lorraine White, IEPR program manager, at (916) 654-4075 or by email at [lwhite@energy.state.ca.us] or Sandra Fromm at (916) 654-4651 or by e-mail at [sfromm@energy.state.ca.us]. News media inquiries should be directed to Claudia Chandler, Assistant Executive Director, at (916) 654-4989 or by e-mail at [mediaoffice@energy.state.ca.us].

Date: May 1, 2006

JACKALYNE PFANNENSTIEL
Vice Chair and Presiding Member
2007 Integrated Energy Policy Report
Committee

JOHN L. GEESMAN
Commissioner and Associate Member
2007 Integrated Energy Policy Report
Committee

Note: California Energy Commission's formal name is State Energy Resources Conservation and Development Commission.

Attachment A

The Integrated Energy Policy Report Committee's Preliminary List of Key Topics for the *2007 Integrated Energy Policy Report*

This draft scope and schedule proposal for the *2007 Integrated Energy Policy Report (IEPR)* includes proposed activities for the short-term and long-term components on the *IEPR* process.

Key energy resource topics for the 2007 IEPR:

Reliability, Availability and Security through Diversity

As in previous reports, the *2005 IEPR* described the constrained energy resources that serve California that have resulted in disruptions, price volatility and adverse economic impacts. In addition to implementing an aggressive plan to improve energy efficiency and the state's energy infrastructure, California must expand its use of renewable and alternative resources. A diversified portfolio of energy resources can insulate against disruptions, mitigate price volatility and increase supply options. As part of the *2007 IEPR*, the Energy Commission will continue to evaluate constraints to and opportunities for improving the state's energy system through expanded diversity, specifically for:

Electricity & Natural Gas Supply, Demand, and Infrastructure

- Identify needed actions to assure resource diversity, adequacy, reliability, and deliverability
- Report the status of long-term procurement and loading order implementation
- Integrate generation and transmission system planning
- Define mechanisms to ensure priority adoption of energy efficiency and renewable resources

Transportation Fuel Supply, Demand, and Infrastructure

- Assess petroleum supply and adequacy of infrastructure
- Describe petroleum product throughput, market conditions, and constraints
- Identify opportunities to increase vehicle efficiency and national fuel economy standards
- Develop cost effective opportunities and markets for non-petroleum fuels

Environmental Performance of the Energy Sector

The *2005 IEPR* characterized the environmental effects of the energy systems and defined opportunities to reduce these effects. While ensuring adequate and reliable

energy supplies, the state must responsibly safeguard our citizens' public health and California's environmental resources.

To meet California's environmental challenges, state agencies must work with key private and public stakeholders to address critical issues. As part of the *2007 IEPR*, the Energy Commission will evaluate:

- Global climate change impacts, and mitigating policy strategies
- Environmental protection as an energy policy driver
- Creating opportunities and finding solutions through investments in research and development

2006 Energy Report Update

The purpose of the report update will be to assess the progress made on the critical elements of the 2007 general topics. The Committee has identified four areas in which significant progress is needed during 2006 in order to provide input to the *2007 IEPR*.

Renewable Portfolio Standard. The *2005 IEPR* concluded that statewide renewable procurement is not occurring at a pace that will reach RPS goals by 2010 and, as a result, the RPS process is in need of mid-course review and correction. Among the shortcomings identified are: lack of transparency, overly complex rules, and inconsistent application among retail sellers. In conjunction with the CPUC, the Energy Commission will investigate whether a simpler, more transparent RPS process would better achieve the state's 2010 goals. One question to be pursued is the likely impact of the CPUC's "rebuttable presumption" for renewables directive for IOU's all-source procurement.

Load Management. The *2005 IEPR* recommended that the CPUC and the Energy Commission vigorously pursue actions to ensure that the state's demand response goals are met. Among recommended actions were: developing and implementing dynamic rates for large customers; developing an advanced metering infrastructure; and working with publicly-owned utilities to ensure statewide demand response efforts. The Committee recommends that the report update review progress made on the *2005 IEPR* recommendations to accelerate demand response programs and evaluate additional actions that may be needed, including establishing state-wide load management standards. These discussions will include both publicly-owned utilities and investor-owned utilities.

Alternative Transportation Fuels Plan. As required by AB 1007 (Pavley), the Energy Commission, in collaboration with the California Air Resources Board, must develop an alternative fuels plan. Although the legislative deadline is June 2007, current intentions are for a schedule more consistent with that of the *2006 Energy Report Update (2006 Update)*, with Energy Commission approval of the plan expected in December 2006. The Committee recommends that the results of the AB 1007 work be incorporated into the *2007 IEPR*.

Smart Growth / Smart Communities. Because land use decisions have a significant impact on energy infrastructure, the Committee recommends that an examination of existing studies and policies related to sustainable land use planning and opportunities be conducted as part of the *2006 Update*. The Committee believes that this topic serves as the nexus for developing distributed renewable generation and efficient transportation in communities. The Energy Commission will collaborate in this effort with the Governor's Office of Planning and Research, as well as other state and local agencies.

PROPOSED SCHEDULE:

Task/Event	Date(s)
<i>2007 IEPR</i>	
Scoping and issue identification hearing	May 12, 2006
Issue IEPR Committee Scoping Order	May 30, 2006
Initiate data collection and analysis activities	May 30, 2006
Initiate public workshops for more detailed scoping and planning of specific work efforts	June 15, 2006
<i>2006 Update</i>	
<ul style="list-style-type: none"> • 2006 Update-related staff issue papers 	July 1 – August 1, 2006
<ul style="list-style-type: none"> • Public workshops on issue papers 	July 17 – August 18, 2006
<ul style="list-style-type: none"> • Draft Committee <i>2006 Update</i> report 	September 29, 2006
<ul style="list-style-type: none"> • Committee workshops/hearings on <i>2006 Update</i> report 	October 11 -20, 2006
<ul style="list-style-type: none"> • Issue Revised Committee <i>2006 Update</i> report 	November 17, 2006
<ul style="list-style-type: none"> • Adopt final <i>2006 Update</i> report 	November 29, 2006
Publication and review of preliminary analyses and results	January – March 2007
Publication of major staff white papers	April – July 2007
Hearings on major staff white papers and papers from other parties	June – August 2007
Committee issues draft <i>2007 IEPR</i>	September 2007
Committee holds hearings on draft report	October 2007
Committee issues final <i>2007 IEPR</i>	November 2007
Commission adopts final <i>2007 IEPR</i>	November 2007